



# ESEF Field Test in Italy

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- XBRL Italy

# XBRL: The Italian job

## Private Sector

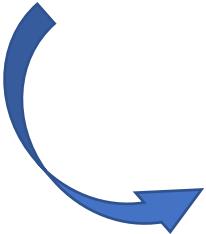


Since 2010, XBRL is mandatory for filing Italian GAAP Financial Statements with the BR (roughly 1,000,000 SMEs)

## Public Sector



Since 2016, XBRL is mandatory for filing Budgets and Financial Statements with the Italian SGAD (over 8,000 municipalities and PSE)



Listed and non-listed companies using IFRS file their Financial Statements via PDF/A file due to the lack of official taxonomies

# How we use XBRL

(for filing Italian GAAP Financial Statements)

- XBRL is mandatory for reporting the entire contents of the Financial Statements (i.e. not only for the Statement of Financial Position, the Statement of Profit or Loss, the Statement of Cash Flows, but also for the Notes)
- The Italian GAAP Taxonomy is NOT extensible: this was a specific choice made by XBRL Italy in order to (given the characteristics of the Italian GAAP and the companies that have to use it) ensure the standardization of business reporting
- We still use the PDF/A as a “backup” solution: if it’s impossible to give a true and fair view of the financial performance, the company has to file its Financial Statements both via XBRL (for statistical purposes) and PDF/A (the latter version bears legal value)

# What does ESEF mean for Italy?

①

A challenge for Italian listed companies



They will have to face up to a new way of preparing their annual financial reports and, perhaps, several of them will reconsider their structure and content in the light of international best practices

②

We have an “official” EU IFRS Taxonomy



XBRL Italy will refer to the ESEF Taxonomy to build the mandatory one for filing the IFRS Financial Statements of non-listed companies (or the Separate Financial Statements of listed companies) with the Business Register

③

A new architecture to look at



In the future, XBRL Italy will replace XBRL with ESEF (i.e. xHTML + iXBRL) for filing Italian GAAP Financial Statements with the Business Register ... so no more PDF/A as a “backup” solution

# The Italian Field Test on ESEF

All of the listed companies (12) invited to participate in the test only just completed the first step, so we can now provide highlights of the main results. Further insight will be available in the near future and presented eventually.

At the end of 2018, XBRL Italy has launched a voluntary field test on ESEF in order to better assess the challenge for the Italian IFRS Adopters.

First step: companies were required to map their IFRS Financial Statements to the ESEF Taxonomy 2017 by completing a very basic Excel spreadsheet.

Second step: companies will be required to transcode their IFRS Financial Statements into the ESEF format by using software tools made available by software providers.

XBRL Italy will analyze results and provide feedback to participating companies.

**Primary goal is to provide evidence to national and supranational regulators (e.g. Consob, Bank of Italy, ECB, etc.),** of any needs that may arise in terms of guidance and/or coordination in implementing ESEF nationwide, with specific regards to the correct and consistent mapping of financial statements' items to the ESMA core taxonomy.

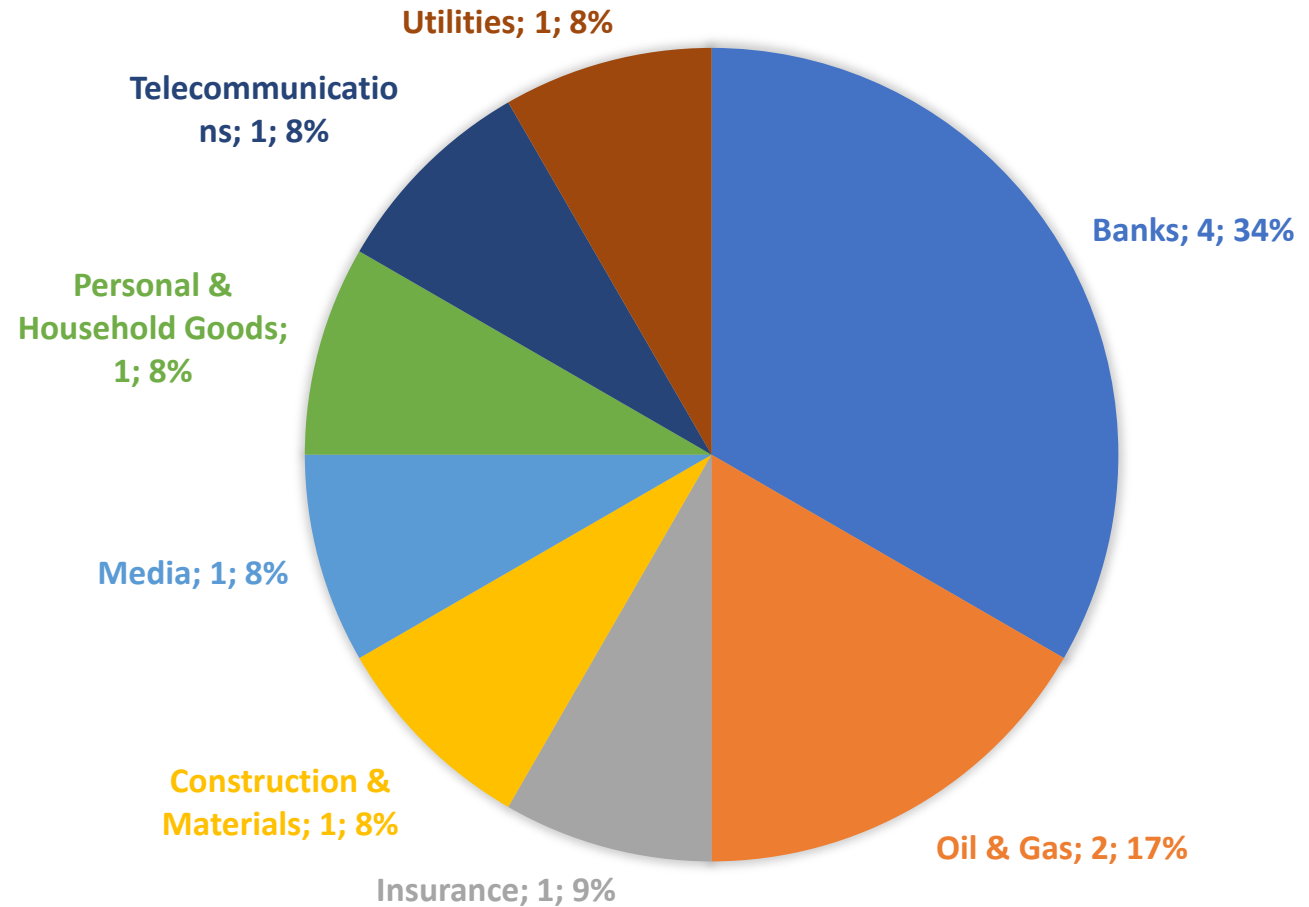
XBRL Italy is planning to extend the adoption of iXBRL and the ESMA Taxonomies also to non-listed companies.

# Our spreadsheet

STATEMENT OF FINANCIAL POSITION					
Suggerimento su dove cercare i TAG XBRL (ESMA ESEF Taxonomy 2017):					
1) Voci della struttura base dello schema					
- corrente/non corrente	<a href="#">Sezione [210000] della ESMA ESEF Taxonomy 2017</a>				
- per liquidità	<a href="#">Sezione [220000] della ESMA ESEF Taxonomy 2017</a>				
2) Ulteriori voci a disposizione <a href="#">Sezione [800100] della ESMA ESEF Taxonomy 2017</a>					
			Missing or inadequate TAG		
Line item	Amount	TAG XBRL (ESMA ESEF Taxonomy 2017)	TAG of anchoring	Proposed item	Notes
in this column, the company was required to report every line item of its Statement of Financial P o s i t i o n	for each line item, the company was required to identify the corresponding tag, if any, of the ESEF T a x o n o m y 2 0 1 7		In case no corresponding tags were found, the company had to find a line item to anchor its own item or propose an entirely new c o n c e p t		

# Participating Entities

The field test was attended by 12 listed companies, two of which were also listed in the United States (they filed their 20-F Form with EDGAR via iXBRL)



# Highlights of preliminary results

- The tables below illustrate the main findings of the exercise carried out by XBRL Italy on a number of listed Italian companies

Entity	Financial Position			Profit or Loss			OCI Components			Cash Flows			Changes in equity			Total		
	Total Tags	Customized	%	Total Tags	Customized	%	Total Tags	Customized	%	Total Tags	Customized	%	Total Tags	Customized	%	Total Tags	Customized	%
Banks	43	19	44%	43	22	51%	25	9	36%	45	14	31%	27	1	4%	183	65	36%
Banks	48	28	58%	44	19	43%	23	13	57%	49	25	51%	13	8	62%	177	93	53%
Banks	51	15	29%	49	23	47%	25	6	24%	16	3	19%	13	5	38%	154	52	34%
Banks	51	14	27%	49	27	55%	22	7	32%	49	28	57%	15	7	47%	186	83	45%
			40%			49%			37%			40%			38%			42%
Construction & Materials	45	15	33%	24	8	33%	10	5	50%	29	13	45%	16	5	31%	124	46	37%
Media	39	13	33%	21	7	33%	7	1	14%	38	15	39%	9	4	44%	114	40	35%
Oil & Gas	47	2	4%	24	7	29%	19	5	26%	54	12	22%	63	18	29%	207	44	21%
Oil & Gas	45	2	4%	25	7	28%	13	0	0%	49	9	18%	46	0	0%	178	18	10%
Personal & Household Goods	26	3	12%	17	8	47%	7	2	29%	47	26	55%	12	6	50%	109	45	41%
Telecommunications	51	11	22%	36	16	44%	34	12	35%	49	21	43%	26	7	27%	196	67	34%
Utilities	51	17	33%	29	19	66%	11	4	36%	36	26	72%	32	21	66%	159	87	55%
Oil & Gas	47	2	4%	24	7	29%	19	5	26%	54	12	22%	63	18	29%	207	44	21%
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Utilities	51	17	33%	29	19	66%	11	4	36%	36	26	72%	32	21	66%	159	87	55%
Insurance	43	4	9%	27	8	30%	19	3	16%	63	9	14%	30	8	27%	182	32	18%
<b>Average</b>			19%			39%			27%			39%			34%			32%



# The level of customization

	All Statements	Statement of		
		Financial Position	Profit or Loss	Cash Flows
Min.	10%	4%	28%	14%
<b>Average</b>	<b>35%</b>	<b>26%</b>	<b>42%</b>	<b>39%</b>
Max.	55%	58%	66%	72%
Standard Deviation	13%	16%	11%	18%

The table shows the percentage of items, over the total number of items tagged, for which companies chose to implement new concepts

# The level of customization by industry

## Banks

	All Statements	Statement of		
		Financial Position	Profit or Loss	Cash Flows
Min.	34%	27%	43%	19%
<b>Average</b>	<b>42%</b>	<b>40%</b>	<b>49%</b>	<b>40%</b>
Max.	53%	58%	55%	57%
Standard Deviation	8%	12%	4%	15%

## Other (with Oil & Gas)

	All Statements	Statement of		
		Financial Position	Profit or Loss	Cash Flows
Min.	10%	4%	28%	18%
Average	33%	20%	40%	42%
Max.	55%	33%	66%	72%
Standard Deviation	13%	13%	12%	17%

## Oil & Gas

	All Statements	Statement of		
		Financial Position	Profit or Loss	Cash Flows
Min.	10%	4%	28%	18%
Average	16%	4%	29%	20%
Max.	21%	4%	29%	22%
Standard Deviation	6%	0%	1%	2%

# Highlights of preliminary results

Provided that data needs to be further investigated and analyzed into detail, also in the way items were tagged and customized by participating companies, and that we are still in the process of meeting each single company to review their tagging, the following findings seem to stand out:

- **a very high level of customization will be required**, depending on the **industry** and the level of **internationalization** of the company
- **multinational entities seem to require less customization**
- **participating banks were concerned about the ESEF requirements**, given that the official banking financial statements requested by regulators can make it hard to find corresponding items within the ESMA Core Taxonomy 2017 framework
- the **Statement of Financial Positions** seems to be the one with the **lowest number of tagging issues**
- the **Profit or loss** and the Cash flows statements, on the other hand, **required the largest number of customizations**

# Next steps and actions

- We will analyze data and tagging in detail in face-to-face meetings with participating entities, so as to mitigate any assessment and counting risks
- We will draft a scientific research paper to be shared and discussed with the academic and the XBRL communities
- Our work is intended to provide National and Supra-National Competent Authorities (Bank of Italy, Consob, ESMA, etc.) evidence of potential issues raised by the implementation of ESEF in the different industries
- Based on the preliminary outcome of our field tests, if confirmed by the final results, regulators might need to provide guidance on the key issues on the transition to ESEF
- We also believe, on the other hand, that entities should make an effort to accommodate their financial statements to the changing needs of the international stakeholders community

Stay tuned and thank you  
for your attention

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